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# MARKETING and TRANSPORTATION SITUATION



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**25**th Anniversary

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CURRENT SERIAL RECORDS

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- A COMPARISON OF SMALL TRUCK CARRIERS

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## STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	Year	1966			1967	
			Jan.-Mar.	July-Sept.	Oct.-Dec.	Jan.-Mar.	
<u>Farm-to-retail price spreads</u>							
Farm-food market basket: 1/							
Retail cost .....	Dol.	1,100	1,091	1,112	1,103	1,084	
Farm value .....	Dol.	442	453	454	425	414	
Farm-retail spread .....	Dol.	658	638	658	678	670	
Farmer's share of retail cost .....	Pct.	40	42	41	39	38	
Cotton: 2/							
Retail cost .....	Dol.	2.21	2.19	2.21	2.24	2.22	
Farm value .....	Dol.	3/.25	.29	3/.24	3/.21	3/.21	
Farm-retail spread 4/ .....	Dol.	1.96	1.90	1.97	2.03	2.01	
Farmer's share of retail cost .....	Pct.	11	13	11	9	9	
Cigarettes: 5/							
Retail cost .....	Ct.	---	---	---	---	---	
Farm value .....	Ct.	---	---	---	---	---	
Federal and State excise taxes .....	Ct.	---	---	---	---	---	
Farm-retail spread excluding excise taxes .....	Ct.	---	---	---	---	---	
Farmer's share of retail cost .....	Pct.	---	---	---	---	---	
<u>General economic indicators</u>							
Consumers' per capita income and expenditures: 6/							
Disposable personal income .....	Dol.	2,567	2,525	2,576	2,622	2,668	
Expenditures for goods and services .....	Dol.	2,362	2,324	2,384	2,398	2,433	
Expenditures for food .....	Dol.	464	458	466	467	472	
Expenditures for food as percentage of disposable income .....	Pct.	18.1	18.2	18.1	17.8	17.7	
7/							
Hourly earnings, production workers, manufacturing:	Dol.	2.71	2.68	2.78	2.78	2.79	
Hourly earnings of food marketing employees 8/ ....	Dol.	2.39	2.38	2.47	2.48	---	
Retail sales: 9/							
Food stores .....	Mil. dol.	5,927	5,917	5,911	5,970	---	
Apparel stores .....	Mil. dol.	1,440	1,377	1,514	1,488	---	
Manufacturers' inventories: 9/							
Food and kindred products .....	Mil. dol.	6,394	6,357	6,593	6,578	---	
Textile mill products .....	Mil. dol.	3,333	3,174	3,325	3,351	---	
Tobacco products .....	Mil. dol.	2,343	2,394	2,336	2,371	---	
Indexes of industrial production: 10/							
Food and beverage manufactures .....	:1957-59=100	128.4	127.5	131.9	---	---	
Textile mill products .....	:1957-59=100	142.3	142.0	138.8	136.7	---	
Apparel products .....	:1957-59=100	150.3	149.4	148.4	---	---	
Tobacco products .....	:1957-59=100	119.8	126.8	118.5	---	---	
Index of physical volume of farm marketings .....	:1957-59=100	120	94	124	93	---	
<u>Price indexes</u>							
Consumer price index .....	:1957-59=100	113.1	112.0	114.7	114.8	115.0	
Wholesale prices of food 11/.....	:1957-59=100	110.7	110.9	109.5	108.5	107.3	
Wholesale prices of cotton products .....	:1957-59=100	102.5	101.8	102.5	101.8	101.3	
Wholesale prices of woolen products .....	:1957-59=100	106.0	106.0	104.7	104.7	104.0	
Prices received by farmers .....	:1957-59=100	110	111	105	104	103	
Prices paid by farmers, interest, taxes, and wage : rates .....	:1957-59=100	114	113	116	116	116	

1/ Contains average quantities of farm-originated foods purchased annually per household in 1960/61 by wage-earner and clerical-worker families and single workers living alone. Estimates of the farmer's share do not allow for direct Federal payments to producers, except for the value of wheat marketing certificates. 2/ Data for average family purchases in 1950 of 25 articles of cotton clothing and housefurnishings divided by number of pounds of lint cotton required for their manufacture; see U.S. Dept. Agr. Mktg. Res. Rpt. 277. 3/ Farm value does not include direct payment to farmers. 4/ The farm-retail spread does not include value of payments-in-kind certificates made to domestic users of eligible U.S. raw upland cotton. This value amounted to 6.5 cents per pound of raw cotton from April 1964 through July 1965 and 5.7 cents from August 1965 through July 1966. Beginning in August 1966, certificates were discontinued and support prices of raw cotton were reduced. 5/ Data for cigarettes will not be published until revisions are completed. 6/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. Percentages have been calculated from total income and expenditure data. 7/ Dept. Labor. 8/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. Labor. 9/ Seasonally adjusted, Dept. Commerce. Sales data for 1966 are averages of monthly totals (unadjusted). Inventory data for 1966 are book values at end of year (adjusted). 10/ Seasonally adjusted, Board of Governors of Federal Reserve System. 11/ Fresh and dried fruits and vegetables, eggs, and processed foods; Dept. Labor.

## TWENTY-FIVE YEARS OF THE MARKETING AND TRANSPORTATION SITUATION

The first issue of the Marketing and Transportation Situation appeared 25 years ago--in May 1942. During its early years, much of the material published was concerned with problems arising from the marketing system's task of handling an increased volume of products amid shortages of labor, processing facilities, transportation equipment, containers, and many other goods and services. Attention was given to price ceilings, rationing, and the many regulations promulgated by the Office of Price Administration and other war-time Government agencies. However, the Marketing and Transportation Situation included articles about adjustments expected in the postwar economy. Consideration was given to the uses that could be made of war-time changes in products, technologies, and marketing practices.

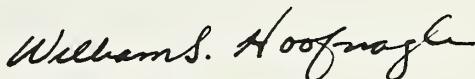
A major purpose of the Marketing and Transportation Situation has been to inform its readers about developments that are expected to have a long-term impact on the marketing of farm products. Frozen foods, dehydrated foods, repackaging of fruits and vegetables, new canning techniques, and freeze-drying received early attention.

The effects of new developments in transportation on the marketing of farm products have been described and analyzed. Increased competition of railroads and trucks, inland water transportation, piggyback service, improved marketing and transportation facilities, mergers of railroads, and innovations in rail rate-making are some of the subjects that have been covered.

Among other subjects covered were changes in the structure of the marketing system, channels of trade, employment, and labor productivity.

Another major objective has been to document changes in marketing charges and in the distribution of consumer expenditures between marketing agencies and farmers. To accomplish this objective, marketing statistics originated by the Economic Research Service and its predecessors have regularly been published. These include the market basket and marketing bill series and statistics on hourly earnings of labor, labor costs per hour and per unit of product, profits, and prices of goods and services used by marketing firms.

Many of the articles have been reprinted and widely circulated. Statistics and other material published in the Situation have been frequently used in other publications.



William S. Hoofnagle  
Acting Director  
Marketing Economics Division

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 THE MARKETING AND TRANSPORTATION SITUATION
 

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Approved by the Outlook and Situation Board, May 8, 1967

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SUMMARY

Retail prices for food products in the market basket of farm-originated foods averaged almost 2 percent lower in the first quarter this year than in the preceding 3 months. Meat products, eggs, and fresh fruits accounted for most of the decline, although prices for all commodity groups except fresh vegetables were lower.

Retail prices of farm foods averaged about the same as a year earlier. Decreases for meat products, poultry, and eggs offset increases for dairy products, bakery and cereal products, and other groups.

Prices received by farmers for products in the market basket averaged about 3 percent lower in January-March than in the preceding quarter. Most of the decrease resulted from lower prices for meat animals, dairy products, and eggs. Farm values for poultry and fresh vegetables increased.

In the first quarter of this year, the spread between retail cost and farm value of farm-originated foods decreased 1 percent from the record established in October-December 1966. The marketing spread narrowed mainly because of decreases for meat products, poultry, and fresh fruits. However, compared with a year earlier, spreads in the first quarter averaged about 5 percent wider.

Farmers received an average of 38 cents of the dollar consumers spent for farm food products in the first quarter--1 cent less than in the previous quarter and 4 cents less than a year earlier.

The retail cost of the market basket of farm foods is expected to rise slightly in the second half of the year, but probably will remain near year-earlier levels. Small increases in the spread are anticipated.

Total net income of leading companies that process and distribute farm-originated products was larger in 1966 than in 1965. In 1966, net income, both as a percentage of sales and of net assets, was higher for all groups of food processing companies except dairy products. Profit ratios were lower in food manufacturing industries than in most other manufacturing industries. Profits as a percentage of sales for leading retail food chains were the same in 1966 as in 1965, but profits as a percentage of net assets were down in 1966. Profit ratios of these companies were lower than the averages for all lines of trade.

#### Special Articles

Product Diversification By Food Manufacturing Firms, p. 13: Rapid changes in the structure of the food processing industries have left this sector of the economy with a much smaller number of processors than existed in the late 1940s and early 1950s. A relatively few large multiproduct firms play a dominant role in food manufacturing. Diversification has led these large firms into several lines of food products and also into the production of many nonfood items. Much of the diversified growth of firms reportedly has been accomplished via the merger route. However, this passage to growth may have been greatly narrowed by a recent Supreme Court decision requiring divestiture in a case involving a product extension merger by 2 dominant firms. Product diversification has enabled large firms to spread across a number of markets without necessarily increasing concentration in any one market.

A Comparison of Small Truck Carriers, p. 19: Results from the Motor Carrier Survey of the 1963 Census of Transportation became available early in 1967, providing more information about exempt truck carriers than was previously available. According to estimates made from the survey data, 11,369 exempt truck carriers of nonmanufactured agricultural products and fish were operating in 1963--less than a third as many as had been estimated by the ICC in 1960. These exempt carriers received \$570 million in revenue and had expenses of \$520 million. Exempt carrier firms operated an average of 5.6 vehicles in 1963. Profits of exempt carriers averaged 3 cents per mile--the same as those of Class III regulated carriers--although their revenue per mile was much lower than that of Class III carriers.

:	The <u>Marketing and Transportation Situation</u> is published in	:
:	February, May, August, and November.	:
:	The next issue is scheduled for release on August 11, 1967	:

## FARM-FOOD MARKET BASKET STATISTICS

Retail Cost Down About 2 Percent From October-December 1966

The retail cost of the market basket of farm foods averaged \$1,084 (annual rate) in January-March of this year--down 2 percent from the previous quarter (table 1). <sup>1/</sup> The decline resulted mainly from lower retail prices for meat products, eggs, and fresh fruits.

The retail cost in the first quarter this year averaged less than 1 percent lower than in the same quarter of 1966. Meat products, poultry, and eggs accounted for most of the decrease. Dairy products were up significantly.

Farm Value 3 Percent Lower Than In Previous Quarter

The total farm value of the products in the farm-food market basket averaged \$414 (annual rate) in the first quarter this year--down almost 3 percent from the preceding quarter (table 1). Declines were recorded for all product groups, except poultry and fresh vegetables. Farm values of fresh oranges and frozen orange juice concentrate were down sharply (table 14, p.28). The farm value of frying chickens increased 12 percent from the fourth quarter.

The farm value of foods in the market basket in the first quarter 1967 averaged about 9 percent below a year earlier. Meat products accounted for much of the drop, although poultry, eggs, fruits, and vegetables also declined significantly. These declines were partly offset by large increases in farm values for dairy products and bakery and cereal products.

Marketing Spread Decreases 1 Percent From Record In Previous Quarter

In the first quarter of 1967, the spread between the retail cost and the farm value of the market basket averaged \$670 (annual rate)--1 percent smaller than the record rate of the previous quarter (table 1).

The marketing spread has decreased every month since November (table 2). This decrease was preceded by declines in both the farm value and retail cost which have dropped every month since August of last year.

However, the spread for the market basket averaged 5 percent wider in the first quarter of 1967 than a year earlier. The spread for each product group, except poultry, was wider (table 1). Increases were particularly significant for meat products, dairy products, bakery and cereal products, fresh fruits, and fats and oils.

<sup>1/</sup> The market basket of farm foods contains the average quantities of domestic farm-originated food products purchased annually per household in 1960 and 1961 by wage-earner and clerical-worker families and single workers living alone. Its retail value is calculated from retail prices collected by the Bureau of Labor Statistics. Since the market basket does not contain imported foods or fishery products and other foods of nonfarm origin or the cost of meals in eating places, its retail cost is less than the cost of all foods bought per family. The farm value is the return to farmers for the farm products equivalent to foods in the market basket. The farm-retail spread is the difference between the retail cost and farm value. It is an estimate of gross revenues received by marketing firms for assembling, processing, transporting, and distributing the products in the market basket.

Table 1.--The Market Basket of Farm Foods: Retail cost, farm value, and farm-retail spread, January-March 1967, October-December 1966, and January-March 1966

Items	Jan.-Mar.	Oct.-Dec.	Jan.-Mar.	Change:		Jan.-Mar. 1967 from	
	1967	1966	1966	Oct.-Dec. 1966	:	Jan.-Mar. 1966	
	Dol.	Dol.	Dol.	Dol.	Pct.	Dol.	Pct.
Retail cost 1/							
Market basket .....	1,084.04	1,103.30	1,090.57	-19.26	-2	-6.53	-1
Meat products .....	314.88	322.73	338.99	-7.85	-2	-24.11	-7
Dairy products .....	197.33	198.78	182.53	-1.45	-1	14.80	8
Poultry .....	46.33	46.96	50.30	.63	-1	-3.97	-8
Eggs .....	39.54	45.73	43.93	-6.19	-14	-4.39	-10
Bakery and cereal :							
products .....	171.16	171.41	163.41	-.25	2/	7.75	5
Fresh fruits .....	41.45	44.51	39.67	-3.06	-7	1.78	4
Fresh vegetables ..	67.78	66.11	68.95	1.67	3	-1.17	-2
Processed fruits :							
and vegetables ...	117.59	118.93	117.77	-1.34	-1	-.18	2/
Fats and oils .....	39.90	40.18	37.96	-.28	-1	1.94	5
Miscellaneous :							
products .....	48.08	47.96	47.06	-.12	2/	1.02	2
Farm value 3/							
Market basket .....	414.21	425.42	453.30	-11.21	-3	-39.09	-9
Meat products .....	160.54	163.27	194.24	-2.73	-2	-33.70	-17
Dairy products ....	92.79	94.73	84.99	-1.94	-2	7.80	9
Poultry .....	24.24	22.07	27.71	2.17	10	-3.47	-13
Eggs .....	24.63	30.55	29.13	-5.92	-19	-4.50	-15
Bakery and cereal :							
products .....	36.40	36.83	34.47	-.43	-1	1.93	6
Fresh fruits .....	11.39	12.88	12.63	-1.49	-12	-1.24	-10
Fresh vegetables ..	22.07	21.32	24.58	.75	4	-2.51	-10
Processed fruits :							
and vegetables ...	21.93	23.33	24.91	-1.40	-6	-2.98	-12
Fats and oils ....	11.35	11.57	11.88	-.22	-2	-.53	-4
Miscellaneous :							
products .....	8.87	8.87	8.76	0	0	.11	1
Farm-retail spread							
Market basket .....	669.83	677.88	637.27	-8.05	-1	32.56	5
Meat products ....	154.34	159.46	144.75	-5.12	-3	9.59	7
Dairy products ....	104.54	104.05	97.54	.50	2/	7.00	7
Poultry .....	22.09	24.89	22.59	-2.80	-11	-.50	-2
Eggs .....	14.91	15.18	14.80	-.27	-2	.11	1
Bakery and cereal :							
products .....	134.76	134.58	128.94	.18	2/	5.82	5
Fresh fruits .....	30.06	31.63	27.04	-1.57	-5	3.02	11
Fresh vegetables ..	45.71	44.79	44.37	.92	2	1.34	3
Processed fruits :							
and vegetables ...	95.66	95.60	92.86	.06	2/	2.80	3
Fats and oils ....	28.55	28.61	26.08	-.06	2/	2.47	9
Miscellaneous :							
products .....	39.21	39.09	38.30	.12	2/	.91	2

1/ Retail cost of average quantities purchased annually per household in 1960-61 by urban wage-earner and clerical-worker families and single workers living alone, calculated from retail prices collected by the Bureau of Labor Statistics.

2/ Less than 0.5 percent.

3/ Payments to farmers for equivalent quantities of farm products minus imputed value of byproducts obtained in processing.

Table 2.--The farm food market basket: Retail cost, farm value, farm retail spread, and farmer's share of retail cost, averages 1947-49 and 1957-59, years 1956-67 1/

Year and month	Retail cost	Farm value	Farm-retail spread	Farmer's share
	Dollars	Dollars	Dollars	Percent
1947-49 average ...:	890	441	449	50
1956 .....	920	369	551	40
1957 .....	953	380	573	40
1958 .....	1,009	407	602	40
1959 .....	985	377	608	38
1957-59 average ...:	983	388	595	39
1960 .....	991	383	608	39
1961 .....	997	380	617	38
1962 .....	1,006	384	622	38
1963 .....	1,013	374	639	37
1964 .....	1,014	374	640	37
1965 .....	1,041	408	633	39
1966 2/ .....	1,100	442	658	40
1966 3/ .....				
January .....	1,073	441	632	41
February .....	1,095	459	636	42
March .....	1,103	460	643	42
April .....	1,100	448	652	41
May .....	1,092	434	658	40
June .....	1,094	436	658	40
July .....	1,099	447	652	41
August .....	1,121	462	659	41
September .....	1,117	453	664	41
October .....	1,114	435	679	39
November .....	1,100	422	678	38
December .....	1,097	420	677	38
1967 3/ .....				
January .....	1,091	418	673	38
February .....	1,083	413	670	38
March 2/ .....	1,078	411	667	38

1/ Data for earlier years are published in Farm-Retail Spreads for Food Products 1947-64, ERS-226, April 1965.

2/ Preliminary.

3/ Monthly data are annual rates.

Farmer's Share Averages 38 Cents

Farmers received an average of 38 cents of the dollar consumers spent for domestic farm foods in retail stores in the first quarter this year. During 1960-64 the quarterly average farmer's share varied from 36 to 39 cents, averaging 37 or 38 cents in 13 out of 20 quarters. Thus, in the first quarter this year, the share averaged about the same as during most quarters of 1960-64, although it was down 1 cent from the fourth quarter 1966 and 4 cents from a year earlier.

How Some Commodities Fared

Pork: The farm value for pork averaged 33.3 cents per retail pound in the first quarter of this year--down 2.2 cents from the previous quarter and 13.0 cents from a year earlier (table 3). Retail pork prices averaged 67.0 cents--3.2 cents below the previous quarter and 11.1 cents lower than a year ago. Because the retail price declined more than the farm value, the farm-retail spread decreased about 3 percent from the previous quarter. However, the first quarter average was 6 percent wider than in 1966. The wholesale-retail spread increased slightly from the fourth quarter last year to the first quarter this year, but the farm-wholesale spread decreased 8 percent. Both spreads were wider than a year ago. Commercial pork production was about 22 percent larger in January-March this year than in the same period of 1966.

Beef: The farm value for Choice beef averaged 48.0 cents per retail pound in the first quarter of 1967--up 0.9 cent from the previous quarter, reflecting slight increases in the farm price for Choice beef cattle (table 3). Commercial production of beef showed a 5 percent increase from January-March 1966. The wholesale value of Choice beef rose 0.4 cent, reflecting some of the rise in the price of beef cattle. The retail price, however, declined 0.5 cent, lagging behind changes at both farm and wholesale levels. As a result, the farm-retail spread decreased 1.4 cents (4 percent); both the farm-wholesale and the wholesale-retail segments also narrowed. Compared with levels of a year earlier, the farm value of Choice beef was down by a greater amount than the retail price; therefore, the spread was about 6 percent wider.

Frozen Orange Juice Concentrate: In response to a record large supply of oranges for processing, the farm value of frozen orange concentrate in the first quarter of this year averaged a third lower than a year ago (table 14, p. 28). Only a small portion of this decline was reflected in lower retail prices for frozen orange juice concentrate; as a result, the farm-retail spread in the first quarter was 22 percent wider than a year earlier (table 15, p. 29).

Eggs: Increased egg production in the first quarter of this year brought sharp reductions in both farm value and retail prices of eggs. The retail price for Grade A large eggs averaged 54.8 cents per dozen--down 8.6 cents from the fourth quarter last year and 6.1 cents lower than a year ago. The farm value averaged 34.2 cents--8.2 cents less than in the previous quarter and 6.2 cents lower than a year earlier. The farm-retail spread changed little.

Dairy Products: Although the retail price for fresh milk (both home-delivered and sold in retail stores) declined slightly in the first quarter of this year from the previous quarter, it still averaged about 7 percent more than a year earlier. Increases in farm value for fresh milk accounted for about two-thirds of the rise in prices to consumers from a year ago. Farm-retail spreads widened about 4 percent. Farm values increased more for fresh milk than for manufactured dairy products. In contrast, retail prices rose more for most of the manufactured products than for fresh milk. As a result, increases in spreads were much greater for manufactured dairy products than for fresh fluid milk.

Table 3.--Beef, pork, and lamb: Retail price, wholesale value, farm value, farm-retail spread, and farmer's share of retail price, annual 1964-66, by quarters, 1966/67

Date	Retail price per pound	Wholesale value	Gross farm value	Byproduct allowance	Net farm value	Total	Farm-retail spread	Farm- wholesale	Farmer's share
	1/ Cents	2/ Cents	3/ Cents	4/ Cents	5/ Cents	Cents	Cents	Cents	Percent
Beef, (Choice grade)									
1964 .....	77.8	53.8	46.6	4.2	42.4	35.4	24.0	11.4	54
1965 .....	81.6	57.6	51.6	4.8	46.8	34.8	24.0	10.8	57
1966 .....	84.6	58.9	55.6	6.0	49.6	35.0	25.7	9.3	59
1966									
Jan.-Mar. ....	84.6	60.6	57.3	6.0	51.3	33.3	24.0	9.3	61
Apr.-June ....	85.5	59.9	57.1	6.3	50.8	34.7	25.6	9.1	59
July-Sept. ....	84.4	58.2	55.1	6.1	49.0	35.4	26.2	9.2	58
Oct.-Dec. ....	83.9	56.8	52.5	5.4	47.1	36.8	27.1	9.7	56
1967									
Jan.-Mar. ....	83.4	57.2	53.3	5.3	48.0	35.4	26.2	9.2	58
Pork									
1964 .....	56.4	40.0	30.7	4.0	26.7	29.7	16.4	13.3	47
1965 .....	64.2	49.5	42.1	5.5	36.6	27.6	14.7	12.9	57
1966 .....	73.6	55.0	47.5	6.4	41.1	32.5	18.6	13.9	56
1966									
Jan.-Mar. ....	78.1	59.6	53.3	7.0	46.3	31.8	18.5	13.3	59
Apr.-June ....	72.4	53.7	46.3	6.4	39.9	32.5	18.7	13.8	55
July-Sept. ....	73.6	55.6	49.7	6.5	43.2	30.4	18.0	12.4	59
Oct.-Dec. ....	70.2	51.2	41.1	5.6	35.5	34.7	19.0	15.7	51
1967									
Jan.-Mar. ....	67.0	47.8	38.3	5.0	33.3	33.7	19.2	14.5	50
Lamb, (Choice grade)									
1964 .....	73.6	52.5	46.8	7.1	39.7	33.9	21.1	12.8	54
1965 .....	79.5	58.4	53.4	7.9	45.4	34.1	21.1	13.0	57
1966 .....	86.4	59.8	55.4	8.4	47.0	39.4	26.6	12.8	54
1966									
Jan.-Mar. ....	85.7	65.0	61.0	9.9	51.1	34.6	20.7	13.9	60
Apr.-June ....	86.9	60.5	55.9	9.2	46.7	40.2	26.4	13.8	54
July-Sept. ....	86.9	56.8	53.3	8.1	45.2	41.7	30.1	11.6	52
Oct.-Dec. ....	86.0	57.0	51.7	6.4	45.3	40.7	29.0	11.7	53
1967									
Jan.-Mar. ....	84.5	55.8	48.9	6.3	42.6	41.9	28.7	13.2	50

1/ Estimated weighted average price of retail cuts.

2/ Wholesale value of quantity of carcass equivalent to 1 lb. of retail cuts: Beef, 1.35 lb.; pork, 1.00 lb.; lamb, 1.14 lb.

3/ Payment to farmer for quantity of live animal equivalent to 1 lb. of retail cuts: Beef, 2.25 lb.; pork, 2.00 lb.; lamb, quantity varies by months from 2.33 lb. in April to 2.38 lb. in October.

4/ Portion of gross farm value attributed to edible and inedible byproduct.

5/ Gross farm value minus byproduct allowance.

Outlook for Remainder of 1967

The retail cost of the market basket of farm foods is expected to average about the same in the second quarter as in the first. Small increases in the second half of 1967 seem likely. However, the retail cost probably will remain around year-earlier levels. The farm value of these foods may decrease slightly in the second quarter, but is expected to increase in the second half. Small increases in the spread are expected.

NET INCOME OF LEADING FIRMS MARKETING FARM PRODUCTS, 1965 AND 1966

Net income (net profits after taxes on income) of 153 leading food manufacturing corporations totaled 13 percent more in 1966 than in 1965, according to data compiled by the First National City Bank of New York (table 4). Much of the increase resulted from increased sales.

Net income as a percentage of sales was from 0.1 to 0.3 percentage points higher in 1966 than in 1965 for leading firms in each of the individual food manufacturing industries except dairy products, which showed no change. Net income as a percentage of sales for 27 meatpackers rose to 0.7 percent in 1966, after declining to 0.6 percent in 1965. Total profits for the meatpacking firms rose 15 percent.

Net income as a percentage of net assets (also known as stockholders' equity) was higher in 1966 than in 1965 for leading firms in 4 of the 5 food manufacturing groups. Net income of the 13 firms in the dairy products group declined to 12.4 percent of net assets in 1966 from 12.5 percent in 1965. The 15 baking corporations reported the highest returns--13.9 percent of net assets compared with 5.5 percent for the 27 meatpacking firms, the group having the lowest percentage.

Industries processing nonfood products of farm origin also had higher total net incomes in 1966 than in 1965. Net income as a percentage of sales was higher in 1966 than in 1965 for 3 of the 5 industry groups. It declined slightly for 12 firms manufacturing tobacco products and for 85 clothing and apparel manufacturers. The ratio of net income to net assets was higher in 1966 for each of these industries except clothing and apparel. Their ratio decreased to 15.9 percent in 1966 from 16.3 percent in 1965.

Profit ratios were lower in food manufacturing industries than in most other manufacturing industries. In other industries using farm-originated raw materials, profits generally were higher than in the food industries, but were lower than in most other industries. Net income of 2,279 leading manufacturing corporations in 41 industry groups amounted to 6.3 percent of sales in 1966 and 14.1 percent of net assets.

Total profits of 59 leading retail food chain companies were 3 percent higher in 1966 than in 1965. The ratio of net income to sales did not change, but the ratio of profits to net assets decreased. Profit ratios for these leading retail food chain companies were lower than the average reported for all leading distribution firms.

Table 4 .--Net income of leading corporations marketing agricultural products,  
1966 and 1965

Industrial groups	: Number :	Reported net income after taxes					
	: of :	Total	: As percentage		As percentage		
	: corpo- :		: of net assets 1/	: of sales 2/			
	: rations:	1966	1965	1966	1965	1966	1965
Manufacturing:							
Food--							
Baking .....	15	84,203	71,613	13.9	11.9	3.1	2.9
Dairy products .....	13	221,028	200,249	12.4	12.5	3.2	3.2
Meatpacking .....	27	70,140	61,132	5.5	5.3	.7	.6
Sugar .....	14	54,904	45,054	10.5	9.5	3.8	3.5
Other food products:	84	625,612	557,360	13.3	12.6	4.4	4.3
Total .....	153	1,055,887	935,408	---	---	---	---
Other--							
Brewing .....	17	86,704	71,053	12.8	11.1	4.9	4.5
Distilling .....	13	184,149	160,970	10.6	9.6	4.7	4.5
Tobacco products ...	12	330,914	317,314	13.8	13.3	5.9	6.0
Textile products ...	70	381,953	344,382	11.9	11.6	4.7	4.5
Clothing and apparel .....	85	177,280	161,306	15.9	16.3	4.1	4.3
All manufacturing ...:	2,279	24,074,034	22,000,863	14.1	13.9	6.3	6.4
Distributing:							
Chain food stores ...:	59	338,447	327,350	12.2	12.5	1.3	1.3
Department and specialty stores ...:	66	449,053	408,137	13.7	13.6	3.1	3.1
All trade .....	392	1,802,608	1,644,447	13.4	13.2	2.5	2.5

1/ Book net assets as the beginning of the year are based on the excess of total balance-sheet assets over liabilities.

2/ Includes income from investments and other sources as well as from sales.

Compiled from "Monthly Economic Letter," published by the First National City Bank, New York, April 1967.

## PRODUCT DIVERSIFICATION BY FOOD MANUFACTURING FIRMS

The food processing sector of the U.S. economy is changing at a pace matched by only a few other large sectors in the economy. This segment of the economy has grown rapidly in terms of sales, employment, advertising, and assets. Consumers spent \$91.3 billion on food products in 1966--almost 20 percent of total personal consumption expenditures. The labor force is over 10 times greater in food manufacturing than in petroleum refining and more than twice that of the motor vehicle and parts industry [6, p. 1-2]. <sup>2/</sup> In 1961, advertising expenditures of the food and kindred products (excluding alcoholic beverages) industries substantially exceeded those of tobacco manufactures, petroleum products industries, and the motor vehicle industry [6, p. 63].

Between 1947 and 1961 food manufacturing corporations with assets of \$50 million or more increased their share of the total food industry assets from 36.6 percent to 47.6 percent. Simultaneously the number of food manufacturing companies declined from 40,000 to 32,000 [6, p. 5]. Many businessmen, government officials, economists, and others have raised questions as to the causes of these trends and about their ultimate effects on competition in the food industry.

A second somewhat related trend has also been underway in recent years. This is the tendency for firms engaged primarily in manufacturing food product lines to expand the number of these lines and, in many instances, to add lines in areas other than food. Conversely, some nonfood manufacturers have added food product lines in recent years.

This article will describe the current product diversification changes occurring in these industries, using Census data and the limited research studies and other source materials available at this time.

### Definition of Product Diversification

Product diversification is the introduction of a new product line. However, product line can be defined at various levels of specification, making it difficult to develop rigorous definitions. The introduction of a new product line will be said to occur when the firm adds a product line that does not directly compete with or is not a direct substitute for the company's primary product line. This product line may be added by developmental research and investment of funds in new plant by the existing company, by purchase of existing plants of other companies, or by merger with firms in other product lines. The latter course may have been a major source of product diversification up to present. A multi-product firm is called a conglomerate firm; a merger of firms in different product lines, a conglomerate merger.

### Recent Trends in Product Diversification

Product diversification in the total manufacturing sector will be discussed before focusing attention directly on food manufacturing. In 1958, companies having establishments in more than one 4-digit industry <sup>3/</sup> accounted for 2.6 percent of all manufacturing companies. However, these companies operated 28.1 percent of the manufacturing establishments and had 59.4 percent of the total manufacturing employment [9, p. 23]. From 1954 to 1958, the number of companies operating in more than one

<sup>1/</sup> Prepared by Richard J. Arnould, agricultural economist, Marketing Economics Division, Economic Research Service, USDA.

<sup>2/</sup> Number in brackets refers to item in Literature Cited, p. 18.

<sup>3/</sup> A 4-digit classification refers to an industry as defined by the Standard Industrial Classification System of the Bureau of the Budget.

4-digit industry in manufacturing increased 40 percent; the number of establishments belonging to these companies increased by 21 percent; and employment in these companies increased by 9 percent [9, p. 25]. The average number of employees of these multi-industry companies in 1958 was 1,440 compared with 305 employees for single-industry producers [9, p. 24]. Thus, multi-industry companies accounted for a large proportion of the total output of the economy.

A recent study conducted by Michael Gort provides a detailed analysis of the product line additions of 111 manufacturing firms during 1929-54 [5]. It was found that additions of manufactured products by these companies were heavily concentrated in industries characterized by rapid growth, high labor productivity, and a high ratio of technical employment (engineers, scientists, and surveyors) to total employment. Contrary to beliefs of some businessmen and economists, these firms did not tend to choose areas of high cyclical stability as such but rather chose areas requiring large investments of capital [5, p. 103]. Relationships between profit rates and diversification or between diversification and the division of income between that retained by the companies and that devoted to dividend payments were not found to be statistically significant [5, p. 65].

A report prepared by the staff of the Federal Trade Commission for the National Commission on Food Marketing presented data summarizing product diversification and industry position of firms in the food processing sector of the economy [6]. The data summarized below are taken mainly from this study.

More than 32,000 companies were engaged in food processing in 1963 [6, p. 5]. However, the 50 largest companies (through their divisions or subsidiaries) occupied 70 percent of the top 4 positions among companies in the 4-digit food manufacturing industries (excluding alcoholic beverages). These same 50 companies accounted for three-eights of the total value added, half of the total assets, and over 60 percent of the profits in the food processing industries [6, p. 58]. They accounted for more than 80 percent of the total advertising budget of food processors [6, p. 65].

The 100 largest firms held 1 or more of the 8 leading positions in 114 of the 116 classes of 5-digit <sup>4/</sup> food products in 1963 (table 5). They held 70 percent of the top 4 positions and 39 percent of the next 4 positions. These percentages increased from 1954 to 1963. These same firms occupied 73 percent of the 4 leading positions in food industries having 4-firm concentration ratios <sup>5/</sup> in excess of 80 percent [6, p. 46]. This was an increase of 9 percentage points from 1954 to 1963. Although scattered among product classes varying in total size (as measured by total value of shipments), the output of these firms was primarily in the larger product classes.

Food manufacturing companies also occupy a significant number of leading positions in nonfood manufacturing products classes. In 1963, 84 of the 100 largest food companies held an average of 4.6 top 4 positions in 5-digit product classes (table 6). The 50 largest companies held an average of 11.3 top 4 positions each. The 100 largest food processors had manufacturing capacity in 76 nonfood product classes [6, p. 49]. They occupied 98 of the top 8 positions in these nonfood product classes [6, p. 50].

The 200 largest food processors were in an average of 3.1 nonfood manufacturing industries (4-digit) each and 3.3 food industries. However, the 20 largest food

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<sup>4/</sup> The Bureau of the Census has extended the Standard Industrial Classification system to provide for classification of products. Each product is assigned to a product class, which is a relatively homogenous grouping of products and which has an identifying number consisting of 5 digits.

<sup>5/</sup> A 4-firm concentration ratio is defined as the total output of the 4 largest companies in a specified industry divided by the total output of that industry.

Table 5.--Leading positions 1/ in 5-digit food product classes occupied by 100 largest food manufacturing companies, 1954, 1958, and 1963

Year	Number of food product classes		Percentage of leading positions held	
	Total	In which 100 or more leading positions were held	Top 4 positions	5th-8th positions
		Number	Percent	Percent
1954 .....	103	95	63	33
1958 .....	114	108	66	38
1963 .....	116	114	70	39

1/ A company was defined as occupying a leading position if it was among the 8 largest companies ranked with respect to value added by manufacture in individual 5-digit product classes. See footnote 4 for a definition of 5-digit product class.

Special tabulation by the Bureau of the Census [6, table 11, p. 46].

Table 6.--Number of leading positions in 5-digit manufacturing product classes (food and nonfood) held by 100 largest food manufacturers, 1954, 1958, and 1963 1/

Year	Number of 100 largest <u>2/</u> holding at least 1 of the 8 leading positions	Average number of positions held per company		Average number of top 4 positions held by 50 largest companies
		Top 8	Top 4	
1954 .....	80	6.2	4.0	9.2
1958 .....	88	5.3	3.9	9.7
1963 .....	84	7.3	4.6	11.3

1/ For definition of "leading position" and "5-digit product class" see footnote 1 to table 5.

2/ Ranked by value added by manufacture in food and kindred products, except alcoholic beverages.

Special tabulation by the Bureau of the Census [6, table 16, p. 50].

processors operated in an average of 8.9 food industries (4-digit) each [6, p. 52]. Some of this multi-industry activity comes from vertical integration and should not be assumed to be composed entirely of product diversification.

The 1966 Fortune Plant and Product Directory [4] lists 98 firms producing food and kindred products among the largest 500 manufacturing firms in the United States. Not all of these 98 firms produced food as a primary product. These firms produced an average of 18 different products (5-digit) in 1966 compared with 15 in 1961. Ten of these 18 products were nonfoods--an average increase of 2 products per firm since 1961. One significant trend noted among these 98 companies was the movement between food processing and chemical products: 23 were primarily in one of the chemical industries and 24 were food processors. All 24 food processing companies also produced chemical products ranging from soap and pharmaceutical preparations to commercial feeds and fertilizers. This trend would substantiate Gort's findings that the diversification movement is toward industries characterized by rapid growth and high levels of technology.

The staff of the Federal Trade Commission made an effort to evaluate the effects that product diversification may have had on profit differentials among 85 of the large firms manufacturing food and kindred products. The data were based on a survey conducted by FTC in 1950, so they do not cover the diversity occurring during the last 15 years. A concentration index was developed for each firm in the following manner: "(1) The four-firm concentration ratio for each five-digit product manufactured by a firm was multiplied by its value of shipments of the product; (2) these sums were then divided by the firm's total value of shipments in 1950 to arrive at an average concentration ratio" [6, p. 204].

A correlation of these concentration measures with ratios of net profit to net worth showed that 91 percent of the variations in profits among firms were associated with these weighted measures of concentration. This close relationship indicated that profits tended to increase as concentration increased.

#### Possible Reasons for the Diversification Trend

These FTC results suggest some of the reasons for product diversification. First, diversification of product lines, which is in many respects analogous to diversification of a financial portfolio, can be a means to stabilizing profits and reducing risk [5]. This is the "Don't put all of your eggs in one basket" argument.

Second, and closely related to the stability and risk factor is the possible explanation flowing from the size of the annual dollar investments of the large companies described earlier. These large companies seek to spread their financial resources over various industries to maintain efficient levels of capacity that will not detract from their profit position.

Third, there is some indication that economies of scale in the total company operation as opposed to in-plant economies of scale are involved in the decision-maker's analysis of diversification movements of his company. Early diversification may be into areas tangential to their primary operation, i.e., to products marketed through the same channels, to products involving similar techniques, or to products requiring similar inputs. After these initial moves into tangential areas, the company may diversify into highly conglomerate activities [8 and 9]. This sequence would enable a firm's management to make the most efficient use of its available facilities, outlets, and information or enter areas where a minimum of additional market information is needed before moving into areas requiring new information. Another advantage to this procedure is that the company can in this manner more fully utilize its technical skills (including its research and development staff). The movement into chemicals illustrates this aspect since companies manufacturing chemicals and allied products ranked the highest in company financed research and development from 1957-64 (with the exception of 1960) [7].

Most of the literature pertaining to economies of scale is concerned with the in-plant economies, not with the total company economies. Therefore, the existence of these economies at the company level is still conjectural.

Fourth, companies may look for management ability when they merge with another company. Competent management is a scarce resource. One method of drawing management from other businesses is to merge with or acquire those businesses, a process that might take the company into new product lines. If the company being purchased does not fully employ its existing managerial talent, or if jobs can be combined to avoid duplication of tasks, this management can become at least in part available to the acquiring company.

Fifth, diversification may, in effect, be forced on companies by legal restriction. Although many firms increase their ability to expand, anti-merger laws place limitations on a firm's ability to merge horizontally [1, p. 2-3]. But since it is cheaper to grow by merger than by internal expansion (as has been pointed out in the dockets of a number of anti-trust cases), companies often attempt to maximize profits and/or growth by mergers with firms producing products somewhat unrelated to their primary products.

#### Some Possible Effects of Diversification on the Marketing System

Corwin Edwards, in his report to the Senate Subcommittee on Anti-trust and Monopoly in 1964, summarized his views as to the conglomerate enterprise's sources of power and discussed its possible effects on the market. He noted that, through diversified growth, a firm can attain great size without gaining monopolistic control of single markets [10, pp. 36-46]. According to his testimony, this size could give the firm advantages over its rivals: it could outbid its rivals for scarce resources, conduct more research, and also absorb larger losses.

Edwards' second point, closely related to the above, was that conglomerate firms were likely to have more resources than the single industry specialists [10, p. 36-46]. He felt that the dispersion of resources of the conglomerate enterprise would alter its decision-making process to consider not each product individually but to develop a multi-product strategy for operations.

A 1967 decision of the U.S. Supreme Court, ordering Proctor and Gamble Company to divest itself of Clorox Company may tend to limit the extent to which multi-product companies can shift resources into a single industry or product line through mergers or acquisitions [3].

The effect of product diversification on market competition has not been developed to any extent in economic theory, and studies in the area are only fragmentary. A number of possible effects are offered below. First, the multi-product sources of revenue for a conglomerate firm may permit the subsidization of one product at the expense of others. If this were to involve predatory price cutting at the expense of efficient single product manufacturers, it would be considered harmful to the competitive functioning of the market. The long-run effect could be control of the market by the conglomerate, which would allow it then to raise the price above the competitive level.

Second, conglomerate diversification could open the possibility of coercive use of power in reciprocal buying and selling. In their simplest state, reciprocal trade agreements involve the "I will buy from you if you will buy from me" concept. The Consolidated Foods case before the Supreme Court in 1965 illustrated the court's willingness to accept evidence of such possibilities as a sufficient basis for denying mergers. Consolidated Foods, a company engaged in the wholesaling of canned foods, purchased Gentry, Inc., which accounted for 32 percent of all sales of dehydrated garlic and onions. What appeared on the surface to be an innocent merger was held by the

Supreme Court to involve the possibilities of coercive reciprocity. Consolidated Foods purchased large amounts of canned soups from various companies. The soup companies in turn purchased dehydrated garlic and onions as ingredients. Justice Douglas in delivering the opinion of the Supreme Court proclaimed "...reciprocity made possible by such an acquisition is one of the congeries of anticompetitive practices at which the antitrust laws are aimed, if the probable consequence of the acquisition is to obtain leverage in one field or another" [2, p. 594]. The distorting effect reciprocity could have on the competitive pricing mechanism has been analyzed by Turner [8].

Third, full line selling might permit tacit use of product tie-ins. A better price for commodity X might be offered if the customer also purchased commodity Y from the company. This could foreclose the market to other producers of X and Y if they did not meet the conglomerate's offer.

Fourth, a conglomerate may not have to rely on revenue from a single industry or product line for investment funds. If there were to be a downswing in the cycle of a given product line, the multiproduct company might react in the following ways: the investment that normally would have been allocated to the depressed product line might be shifted to a product line not affected by the downswing, and thus avoid contributing to further downswings; or the company could continue to subsidize the depressed product line for a short time in an effort to revive or stabilize sales.

This article neither exhausts the possible reasons for, nor potential effects of, product diversification on the competitive market system. Rather, it summarizes some of the developments, limited research, and some of the consequences being discussed in business and economic circles. The effects must be considered tentative until more is known about the market power of conglomerates, their use of this power, the multi-plant and multi-industry economies of scale, and the pricing conduct of the conglomerate enterprises.

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~~A COMPARISON OF SMALL TRUCK CARRIERS~~

Transportation of unmanufactured agricultural commodities in interstate commerce by for-hire trucks is exempt from economic regulation by the Interstate Commerce Commission (ICC). Consequently, only fragmentary data have been available on the nature of unregulated trucking operations. However, more accurate information is needed for policy and research purposes.

Early in 1967, results from the Motor Carrier Survey of the 1963 Census of Transportation became available for the first time.<sup>2/</sup> The net sample size in this survey--4,305 truck carriers not subject to ICC economic regulation--was the largest ever obtained. With the Census data, unregulated truck carriers can now be compared with regulated for-hire carriers. Several similarities exist between the unregulated and regulated truck carriers. The Bureau of the Census will conduct a similar survey of nonregulated motor carriers this year and at 5-year intervals thereafter.

Number of Carriers: According to the Motor Carrier Survey, 11,369 carriers of nonmanufactured agricultural products, livestock, and fish (hereafter called exempt carriers) were operating in 1963 (table 7). This number is almost equal to the number of all Class III regulated motor carriers (i.e., carriers with annual gross operating revenue of less than \$200,000). These Class III truck carriers have small operating revenues relative to those of Class I and II carriers and thus are compared with exempt carriers. The newly estimated number of exempt carriers is considerably smaller than earlier estimates. In 1960, the ICC had estimated that 37,515 exempt motor carriers were operating in the United States.

Revenue and Expense: In 1963, operating revenue of exempt carriers totaled \$570 million--equal to 7 percent of all regulated carrier revenue. By comparison, Class III carriers had a total operating revenue of \$869 million--10 percent of all regulated carrier revenue.<sup>3/</sup> Total expenses of exempt carriers were \$520 million compared with total expenses of \$815 million for Class III carriers. Thus, the operating ratio of exempt carriers was 91 compared with 94 for regulated carriers.

Three of the reasons that have been advanced as to why regulated carriers have higher costs relative to revenues than the nonregulated carriers are: (1) Regulated carriers are restricted to given routes and specified commodities, which may result in empty backhauling. (2) Regulated firms often have to make trips even though costs may be high relative to revenue (e.g., less-than-truckload shipments) because of common carrier obligations. (3) Some diseconomies of scale may exist in the motor carrier industry and the general consensus is that visible economies of scale are either very small or nonexistent. Economic advantages in the trucking industry are thought to stem more from effective utilization of routes than from absolute size. Not being restricted to certain routes, exempt carriers can change routes to meet changing conditions of supply and demand.<sup>4/</sup>

1/ Prepared by Elizabeth L. Murphy, economist, Marketing Economics Division, Economic Research Service, U.S. Department of Agriculture.

2/ U.S. Bureau of the Census, Census of Transportation, 1963, Volume IV: Motor Carrier Survey (Washington, D.C.: U.S. Government Printing Office, 1966), 27 pp. (30 cents.)

3/ American Trucking Trends 1965 (Washington, D.C.: American Trucking Association, Inc., 1965), p. 9.

4/ For example, see R. N. Farmer, "The Case for Unregulated Truck Transportation," Journal of Farm Economics, Vol. 46, No. 2 (May 1964), pp. 404-8, and J. R. Meyer, et al, The Economics of Competition in the Transportation Industries (Cambridge: Harvard University Press, 1960), pp. 88-89.

Number of Vehicles: Exempt carriers operated an estimated total of 38,300 motor vehicles--6 percent of trucks operated by all for-hire carriers (common, contract, and "exempt"). 5/ Exempt carriers operated a considerably smaller number of motor vehicles than the Class III motor carriers.

Number of Vehicles Per Firm: The average size of exempt carriers, as measured by the number of vehicles operated, was smaller than the average size of Class III motor carriers. 6/ Exempt carriers averaged 1.7 straight trucks per firm, while Class III trucking firms averaged 3.0. For truck tractors, the exempt carrier averaged 1.6 and the regulated carriers averaged 3.0. Semi-trailers and full trailers were more numerous for both types of carriers; exempt carriers averaged 2.3 per firm and regulated averaged 4.3.

Profit Per Mile: In estimating exempt carriers' expense per mile, it was assumed that cost per total and intercity vehicle mile was the same. The resulting ratio gave an estimated total cost of 32 cents per mile. 7/ This estimate is slightly higher than earlier estimates of 31 cents and 29 cents per vehicle-mile. 8/

Despite the higher expenses and revenues per mile of the regulated carriers, both the unregulated and regulated intercity carriers made the same profit per mile in 1963--3 cents.

Profit Per Ton Carried: With the same assumption of cost equality between total and intercity hauls, the estimated costs of exempt carriers totaled \$1.57 per ton carried. For Class III carriers, the cost per ton carried totaled \$5.11. The wide divergence in cost per ton carried probably was due partly to heavier loads hauled by exempt carriers. The exempt carriers averaged 14.8 tons per load in 1960 compared with 10.5 tons for common carriers and 5.7 tons per load for contract carriers. 9/ Fuller utilization of equipment and longer trips made by exempt carriers may also have contributed to the difference.

Exempt carriers averaged 15 cents profit per ton carried compared with 34 cents per ton carried for Class III carriers in 1963.

5/ U.S. Bureau of the Census, Census of Transportation, 1963, Volume II: Truck Inventory and Use Survey (Washington, D.C.: U.S. Government Printing Office, 1966), p. 15.

6/ Average fleet sizes by type of vehicle were computed from: Volume IV: Motor Carrier Survey, p. 7, and Interstate Commerce Commission, Selected Statistics of Class III Motor Carriers of Property, 1963, Statement No. 6505 (September 1965).

7/ Total expense of exempt carriers given by Census table 2 was prorated on the basis of the ratio of intercity revenue of exempt carriers, Census table 5, to total revenue of exempt carriers, table 2. This estimate of intercity expense (\$166 million) divided by intercity vehicle miles, table 5, gave an estimated cost of 32 cents per vehicle-mile. The estimated intercity expense (\$166 million) divided by tons carried intercity, table 5, gave the estimated cost per ton carried. Similar procedures were used to estimate cost per vehicle-mile and cost per ton carried for Class III motor carriers.

8/ W. Miklius and D. B. DeLoach, "A Further Case for Unregulated Truck Transportation," Journal of Farm Economics, Vol. 47 (November 1965), p. 940; John H. Hunter, Jr., "Costs of Operating Exempt For-Hire Motor Carriers of Agricultural Commodities: A Pilot Study in Delaware, Maryland and Virginia," ERS-109 (February 1963), table 6.

9/ Farmer, p. 402.

Table 7.--Exempt truck carriers compared with Class III truck carriers for 1963

Item	Unit	Exempt carriers	Class III carriers		
			Total or average	Common	Contract
Carriers .....	No.	11,369	11,155	9,761	1,394
Total operating revenue from motor carriers .....	Mil. dol.	570	869	753	116
Total expense of motor carrier operations .....	do.	520	815	708	107
Operating ratio 1/ .....	Pct.	91	94	94	92
Vehicles:					
Straight trucks .....	Thous.	19.8	33.3	29.7	3.6
Truck tractors .....	do.	18.5	33.1	28.6	4.5
Semi-trailers and full trailers .....	do.	25.7	47.5	41.0	6.5
Vehicles per firm:					
Straight trucks .....	No.	1.7	3.0	3.0	2.6
Truck tractors .....	do.	1.6	3.0	2.9	3.2
Semi-trailers and full trailers .....	do.	2.3	4.3	4.2	4.7
Averages:					
Revenue per vehicle mile .....	Dol.	.35	.51	.52	.43
Cost per vehicle mile 2/ .....	do.	.32	.48	.49	.40
Profit per vehicle mile .....	do.	.03	.03	.03	.03
Revenue per ton carried .....	do.	1.72	5.45	5.69	4.34
Cost per ton carried 2/ .....	do.	1.57	5.11	5.36	3.98
Profit per ton carried .....	do.	.15	.34	.33	.36

1/ Total operating expenses divided by total operating revenue and multiplied by 100.

2/ See footnote 7, p.

Compiled from Volume IV: Motor Carrier Survey pp. 6-8, and Interstate Commerce Commission, Selected Statistics of Class III Motor Carriers of Property, 1963, Statement No. 6505 (September 1965).

## READER SURVEY: THE MARKETING AND TRANSPORTATION SITUATION

The Marketing Economics Division of the Economic Research Service conducted a survey of the readers of the Marketing and Transportation Situation to learn what they think of the report and how it may be improved. Questionnaires were mailed to a random sample of two-thirds of the 3,600 names on the mailing list for the MTS in December 1966. We received 1,697 usable schedules, representing 47 percent of the mailing list.

Persons affiliated with educational institutions (including extension workers) and governmental agencies (excluding extension workers) make up the largest groups of respondents, accounting for 32 and 19 percent, respectively (table 8). Next in importance were respondents engaged in processing and distributing farm products, who accounted for 10 percent. About 7 percent of the respondents were associated with farming or farm organizations. Of the 12 percent of the respondents who specified their principal business or profession to be other than the categories listed on the questionnaire, about half were affiliated with trade associations, transportation agencies, and libraries.

About 74 percent of the respondents reported that they used the MTS for general information; 49 percent used it for data reference; 34 percent in research; 20 percent in teaching; and 16 percent in decision making (table 9).

Respondents were asked to indicate the degree of usefulness of specific sections of the MTS reports by checking if they "generally look at" or found them "particularly useful" (table 10). Some 40 percent of the respondents stated that they generally looked at the farm-retail spreads data for food products; an additional 40 percent also found them particularly useful. In contrast, only 22 percent of the respondents answered that they either "generally look at" or found the cotton and tobacco spreads "particularly useful." Half or more of the respondents replied that they either looked at or found particularly useful the costs and profit data, the marketing bill statistics, and the list of new publications.

An average of 3.3 persons read copies received by respondents (excluding those copies going to libraries (table 11).

Almost half the respondents reported that they had republished, discussed, or otherwise circulated material from the MTS during the past year (table 12). More disseminated material from the report's tables and summary than from the detailed text or the charts. Many of the respondents reported using more than one media. Half of these 819 respondents reported that they used the material in conferences, meetings and discussions. About 27 percent used this material in office memoranda, 22 percent in newsletters, 13 percent on radio and TV, 11 percent in newspapers, 8 percent in trade and farm journals, and 2 percent in popular magazines. Research reports, speeches, and teaching were other means of disseminating materials taken from the MTS.

More than half the respondents singled out the current economic situation, and marketing food products as specific features of the MTS needing increased emphasis (table 13). Almost half of them suggested increased emphasis on transportation and special articles. A majority of the respondents appeared to be satisfied with the present emphasis on farm-retail spreads for farm-food products. Although two-thirds of those commenting on farm-retail spreads for cotton and tobacco stated that no change is needed. This was the only feature for which more than 7 percent of the respondents suggested a decrease in emphasis. About two-thirds of the respondents indicated that no change is needed in the emphasis on the marketing bill statistics or on the number of statistical tables and charts in the MTS.

Readers were asked if they found the discussion of tables related to the farm-retail price spreads for farm-food products of value to them. Seventy-three percent

of the respondents stated that they found the discussion of value, 11 percent found it of no value, and 16 percent did not reply to the question.

We wish to thank the many readers who took time to reply to the questionnaire. Many valuable comments and suggestions were received. In combination with the survey data, these suggestions should provide a base from which to improve the MTS.

Table 8.--Principal business or professional affiliation of readers of the Marketing and Transportation Situation

Principal business or professional affiliation	Respondents	
	Number	Percentage of total
<u>Percent</u>		
Farming or farm organization .....	121	7
Processing or distribution of farm products:	171	10
Farm equipment, supplies, services .....	28	2
Banking and financing .....	75	5
Trader or broker .....	64	4
Advisory services .....	89	5
News media .....	72	4
Educational institution (includes		
extension workers .....	536	32
Government (excludes extension workers) ....	328	19
Other .....	210	12
Total .....	1,694	100
:		

Table 9.--Principal uses of the Marketing and Transportation Situation

Usages	Respondents 1/	
	Number	Percentage of total respondents
<u>Percent</u>		
For general information .....	1,253	74
For data reference .....	830	49
As guides for decision making .....	271	16
In teaching .....	343	20
In research .....	576	34
Other .....	77	5
:		

1/ As a result of multiple usages figures add to more than total number of respondents.

Table 10.--Usefulness of selected information in the Marketing and Transportation Situation

Kinds of information	Generally look at		Particularly useful	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Farm-retail spreads:				
Farm-food products .....	674	40	676	40
Cotton and tobacco .....	235	14	135	8
Marketing bill statistics .....	591	35	475	28
Cost and profit data .....	589	35	602	35
Labor productivity .....	480	28	334	20
List of selected new publications .....	557	33	448	26
	No reply		Total	
Farm-retail spreads:				
Farm-food products .....	347	20	1,697	100
Cotton and tobacco .....	1,327	78	1,697	100
Marketing bill statistics .....	631	37	1,697	100
Cost and profit data .....	506	30	1,697	100
Labor productivity .....	883	52	1,697	100
List of selected new publications .....	692	41	1,697	100

Table 11.--Distribution of respondents by number of readers per copy of the Marketing and Transportation Situation

Number of persons using single copy	Respondents		Percentage of total
	Number	:	
Percent			
1 .....	1/588		35
2 .....	398		23
3 .....	263		16
4 .....	132		8
5 .....	92		5
6 - 10 .....	131		8
11 - 15 .....	26		1
16 - 30 .....	21		1
31 or more .....	11		1
Libraries 2/ .....	35		2
Total .....	1,697		100

1/ Includes all respondents not replying to specific question.

2/ Respondents identified as libraries; other responses may have been from libraries but could not be identified as such.

Table 12.--Materials disseminated from Marketing and Transportation Situation and media used

Materials and media	Respondents 1/		Percentage of total 2/
	Number	:	
Percent			
MTS materials:			
Tables .....	495		60
Summary .....	412		50
Charts .....	326		40
Detailed text .....	261		32
Media:			
Conference, meetings, discussions .....	412		50
Office memoranda .....	221		27
News letters .....	178		22
Radio and TV .....	106		13
Newspapers .....	89		11
Trade and farm journals .....	68		8
Popular magazines .....	19		2
Other .....	184		22

1/ A total of 819 respondents reported dissemination of MTS material. Some used more than one type of material or media.

2/ Percentage of total number of respondents disseminating material from the MTS.

Table 13.--Suggestions for change of emphasis in the Marketing and Transportation Situation

Areas of emphasis	Increase		Decrease	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Emphasis on:	:	:	:	:
Farm-retail spreads:	:	:	:	:
Farm-food products .....	395	39	66	6
Cotton and tobacco .....	68	11	146	23
Marketing bill statistics .....	297	33	42	5
Current economic situation .....	616	58	37	3
Marketing food products .....	603	59	20	2
Transportation .....	433	46	41	5
Special articles .....	441	49	19	2
Number of:	:	:	:	:
Statistical tables .....	203	24	58	7
Charts .....	261	30	41	5
	:	No change	:	Total
	:	:	:	:
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Emphasis on:	:	:	:	:
Farm-retail spreads:	:	:	:	:
Farm-food products .....	554	55	1,015	100
Cotton and tobacco .....	412	66	626	100
Marketing bill statistics .....	549	62	888	100
Current economic situation .....	419	39	1,072	100
Marketing food products .....	405	39	1,028	100
Transportation .....	461	49	935	100
Special articles .....	445	49	905	100
Number of:	:	:	:	:
Statistical tables .....	580	69	841	100
Charts .....	559	65	861	100

## SELECTED NEW PUBLICATIONS

1. "Adoption of the Continuous Mix Process in Bread Baking: Some Effects on Firms and the Industry," by Toledo W. Chumley, U.S. Dept. Agr., Econ. Res. Ser., ERS-329, Jan. 1967.
2. "A Graphic View of the Retail Florist Industry," by Nick Havas, U.S. Dept. Agr., Econ. Res. Ser., MRR-788, Apr. 1967.
3. "An Analysis of Apple-Packing Costs in Michigan," by Hoy F. Carman, U.S. Dept. Agr., Econ. Res. Ser., MRR-786, Mar. 1967.
4. "An Economic Evaluation of Starch Use in the Textile Industry," by Clarence A. Moore, U.S. Dept. Agr., Econ. Res. Ser., AER-109, Mar. 1967.
5. "An Inventory of Market News Reports for Eggs," by Fred L. Faber and Robert J. Van Houten, U.S. Dept. Agr., Econ. Res. Ser. and Con. Mktg. Ser., ERS-332, Jan. 1967.
6. "Annotated Bibliography of Floriculture and Ornamental Horticulture--Marketing and Other Economic Information," compiled by Cleveland P. Eley, U.S. Dept. Agr., ERS-337, Mar. 1967.
7. "Competitive Position of the Midwestern Egg Industry," by George B. Rogers, U.S. Dept. Agr., Econ. Res. Ser., MRR-784, Feb. 1967.
8. "Costs and Economies of Scale in Egg-Type Chick Hatcheries," by John R. Pedersen, U.S. Dept. Agr., Econ. Res. Ser., MRR-782, Feb. 1967.
9. "Factors Affecting Use of Southeastern Cotton and Competing Fibers," by E. W. S. Calkins and H. C. Spurlock, S.C. Agr. Expt. Sta., Bull. 532, Feb. 1967. (ERS, U.S. Dept. Agr. cooperating.) S.C. Agr. Expt. Sta., Clemson Univ., Clemson, S.C.
10. "Food Retailing by Discount Houses," by Martin Leiman, U.S. Dept. Agr., Econ. Res. Ser., MRR-785, Feb. 1967.
11. "Further Processing Industry and Impact of Economies of Scale in Poultry Plants," by George B. Rogers and Harold D. Smith, Md. Agr. Expt. Sta., MP-595, Dec. 1966. (ERS, U.S. Dept. Agr. cooperating.) Agr. Expt. Sta., Univ. of Maryland, College Park, Md.
12. "Marketing and Utilization of Cotton Mill Waste," by Shelby H. Holder, Jr., U.S. Dept. Agr., Econ. Res. Ser., ERS-334, Mar. 1967.
13. "Market Potentials for Frozen Dough," by Norman L. Rollag and Robert V. Enochian, U.S. Dept. Agr., Econ. Res. Ser., MRR-787, Mar. 1967.
14. "Price Spreads for Pork," by J. Bruce Bullock, Richard Eisenberg, and Duane Hacklander, U.S. Dept. Agr., Econ. Res. Ser., MP-1051, Jan. 1967.
15. "Reference Manual to Reports of The National Commission on Food Marketing," by Wendell Earle, Gene German, and John Sheehan of Cornell University. Prepared for the National Association of Food Chains. (Copies may be obtained from the National Association of Food Chains, 1725 Eye St., N.W., Wash., D.C. 20006. Price \$5.00.)

Unless otherwise indicated, items listed are Economic Research Service publications and single copies may be obtained free from the Division of Information, Office of Management Services, U.S. Department of Agriculture, Washington, D.C. 20250.

Publications issued by State Agricultural Experiment Stations may be obtained from the issuing Station.

Table 14.--Farm food products: Retail cost and farm value, January-March 1967, October-December 1966, January-March 1966 and 1957-59 average

Product 1/	Retail unit	Retail cost						Net farm value 2/					
		January- March 1967			October- December 1966			January- March 1967			January- October- December 1966		
		1957-59 average	Jan.-Mar. 1967	from Oct.-Dec.	1957-59 average	Jan.-Mar. 1967	from Oct.-Dec.	1957-59 average	Jan.-Mar. 1967	from Oct.-Dec.	1957-59 average	Jan.-Mar. 1967	from Oct.-Dec.
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket .....		1,084.04	1,103.30	1,090.57	932.65	-2	-1	414.21	3/425.42	453.30	387.87	-3	-9
Meat products .....		314.88	322.73	338.99	285.05	-2	-7	160.54	3/163.27	194.24	154.47	-2	-17
Dairy products .....	Average quantities purchased per urban wage-earner and clerical-worker household in 1960-61	197.33	198.78	3/182.53	173.33	-1	8	92.79	3/94.73	84.99	77.85	-2	9
Poultry and eggs .....		85.87	92.69	94.23	93.02	-7	-9	48.87	3/52.62	56.84	56.28	-7	-14
Bakery and cereal products 4/		171.16	171.41	163.41	148.40	5/	5	36.40	3/36.83	34.47	30.55	-1	6
All ingredients .....		---	---	---	---	---	---	28.14	3/28.35	26.67	23.40	-1	6
Grain .....		---	---	---	---	---	---	---	---	---	---	---	---
All fruits and vegetables .....		226.82	229.55	226.39	202.96	-1	5/	55.39	3/57.53	62.12	50.05	-4	-11
Fresh fruits and vegetables .....		109.23	110.62	108.62	91.15	-1	1	33.46	3/40.20	37.21	28.70	-2	-10
Fresh fruits .....		41.45	44.51	39.67	36.26	-7	4	11.39	12.88	12.63	12.26	-12	-10
Fresh vegetables .....		67.78	66.11	68.95	54.89	3	-2	22.07	21.32	24.58	16.44	4	-10
Processed fruits and vegetables .....		117.59	118.93	117.77	111.81	-1	5/	21.93	3/23.33	24.91	21.35	-6	-12
Fats and oils .....		39.90	40.18	37.96	37.56	-1	5	11.35	3/11.57	11.88	11.19	-2	-4
Miscellaneous products .....		48.08	47.96	3/47.06	42.33	5/	2	8.87	8.87	8.76	7.48	0	1
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef, Choice grade .....	Pound	83.4	83.9	84.6	78.1	-1	-1	48.0	3/47.1	51.3	48.3	-2	-6
Lamb, Choice grade .....	Pound	84.5	86.0	85.7	70.0	-2	-1	42.6	45.3	51.1	40.2	-6	-17
Pork .....	Pound	67.0	70.2	78.1	60.5	-5	-14	33.3	3/35.5	46.3	31.0	-6	-28
Butter .....	Pound	84.6	87.1	77.8	73.2	-3	9	60.7	3/61.9	57.1	52.6	-2	6
Cheese, American process .....	1 pound	44.4	44.8	39.6	32.3	-1	12	18.9	19.5	17.6	14.2	-3	7
Ice cream .....	1 gallon	83.1	83.4	78.2	84.2	5/	6	25.8	26.2	24.0	23.4	-2	8
Milk, evaporated .....	14½-ounce can	17.0	16.8	15.3	14.5	1	11	8.0	3/8.0	7.2	6.2	0	11
Milk, fresh .....	Home delivered .....	57.3	57.5	53.6	50.8	5/	7	25.2	25.7	22.8	21.9	-2	11
Sold in stores .....	½ gallon	51.4	51.9	48.0	46.6	-1	7	25.2	25.7	22.8	21.9	-2	11
Chickens, frying, ready-to-cook .....	Pound	38.1	38.6	41.8	43.5	-1	-9	19.9	17.7	22.8	24.4	-12	-13
Eggs, Grade A large .....	Dozen	54.8	63.4	60.9	56.2	-14	-10	34.2	42.4	40.4	36.1	-19	-15
Bread, white .....													
All ingredients .....	Pound	22.7	22.9	21.5	18.5	-1	6	3.6	3.7	3.5	3.0	-3	3
Wheat .....	Pound	---	---	---	---	---	---	2.9	3.0	2.8	2.4	-3	4
Bread, whole or cracked wheat .....	Pound	29.5	29.7	27.8	---	-1	6	3.4	3.5	3.2	---	-3	6
Cookies, sandwich .....	Pound	52.0	52.3	50.5	---	-1	3	4.5	4.6	4.4	---	-2	2
Corn flakes .....	12 ounces	31.3	30.6	29.0	24.5	2	8	2.9	2.9	2.6	2.4	0	12
Flour, white .....	5 pounds	60.9	61.4	58.2	53.3	-1	5	23.0	23.2	21.7	18.8	-1	6
Apples .....	Pound	18.6	17.2	17.0	16.1	8	9	6.2	5.7	6.7	4.7	9	-7
Grapefruit .....	Each	12.0	15.1	12.9	10.7	-21	-7	1.9	2.3	2.7	2.7	-17	-30
Lemons .....	Pound	24.7	24.8	23.7	18.4	5/	4	6.4	6.6	5.8	4.2	-3	10
Oranges .....	Dozen	71.8	88.1	72.1	66.0	-19	5/	13.0	20.7	15.4	23.2	-37	-16
Cabbage .....	Pound	12.3	12.2	12.5	8.7	1	-2	3.9	4.4	4.0	2.4	-11	-2
Carrots .....	Pound	15.0	15.2	16.4	14.5	-1	-9	4.2	4.9	5.4	3.7	-14	-22
Celery .....	Pound	14.8	15.2	17.5	15.3	-3	-15	4.0	4.5	6.1	4.4	-11	-34
Cucumbers .....	Pound	28.6	20.1	29.9	---	42	-14	12.6	7.5	11.0	---	68	15
Lettuce .....	Head	23.1	26.9	31.1	22.6	-14	-26	6.8	8.4	13.0	6.0	-19	-51
Onions .....	Pound	14.5	13.1	10.2	10.1	11	42	6.5	4.8	2.5	3.4	35	160
Peppers, green .....	Pound	38.0	33.0	41.0	---	15	-7	13.6	11.3	15.4	---	20	-12
Potatoes .....	10 pounds	75.8	73.0	68.1	58.3	4	11	23.7	21.1	22.9	17.8	12	3
Spinach .....	10 ounces	29.7	29.4	29.2	---	1	2	8.3	6.3	7.3	32	14	-
Tomatoes .....	Pound	36.6	31.1	35.8	30.1	7	2	11.5	13.0	12.8	10.6	-12	-10
Peaches, canned .....	No. 2½ can	31.8	32.3	34.2	34.3	-2	-7	5.4	5.4	6.1	0	-2	-
Pears, canned .....	No. 2½ can	43.7	45.2	51.6	---	-3	-15	7.2	7.2	12.3	---	0	-41
Beets, canned .....	No. 303 can	17.7	17.4	17.0	---	2	4	1.2	1.2	1.1	---	0	9
Corn, canned .....	No. 303 can	22.7	22.5	21.4	17.8	1	6	2.7	2.7	2.4	0	0	0
Peas, canned .....	No. 303 can	25.1	24.7	24.1	21.0	2	4	3.7	3.7	3.4	3.1	0	9
Tomatoes, canned .....	No. 303 can	18.9	18.2	17.1	15.6	4	11	3.3	3.3	3.4	2.3	0	-3
Orange juice, concentrate, frozen .....	6-ounce can	20.6	23.2	21.3	23.4	-11	-3	6.4	8.6	9.7	8.2	-26	-34
French fried potatoes, frozen .....	9 ounces	15.7	15.7	15.8	---	0	-1	2.4	2.4	2.3	---	0	4
Peas, frozen .....	10 ounces	20.6	20.5	19.9	19.9	5/	4	3.5	3.5	3.2	0	0	0
Beans, navy .....	Pound	18.4	19.2	19.9	16.3	-4	-8	6.2	6.1	8.7	6.9	2	-29
Margarine .....	Pound	29.3	29.5	28.1	27.4	-1	4	8.2	8.4	8.7	7.8	-2	-6
Peanut butter .....	12-ounce jar	44.8	44.9	45.0	41.4	5/	5/	15.3	14.9	15.6	14.1	3	-2
Salad and cooking oil .....	Pint	40.7	40.4	36.2	---	1	12	9.2	3/9.5	9.5	---	-3	-3
Vegetable shortening .....	3 pounds	90.6	92.6	88.2	90.4	-2	3	29.4	3/30.2	30.8	28.2	-3	-5
Sugar .....	5 pounds	61.2	60.9	59.5	54.5	5/	3	22.0	21.8	21.6	20.2	1	2
Spaghetti with sauce, canned .....	15½-ounce can	16.1	16.1	15.6	---	0	3	2.1	2.1	2.1	---	0	0

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed value of byproducts obtained in processing.

3/ Most farm value figures for January-March 1966 have been revised; figures in other columns revised as indicated.

4/ For the bakery products group and the individual wheat products, the net farm value is based on the market price of wheat received by farmers plus the cost of the marketing certificate to millers. This cost equals the value of the domestic marketing certificate received by farmers complying fully with the Wheat Program.

5/ Less than 0.5 percent.

Table 15.--Farm food products: Farm-retail spread and farmer's share of the retail cost, January-March 1967, October-December 1966, January-March 1966 and 1957-59 average

Product 1/	Retail unit	Farm-retail spread 2/					Farmer's share				
		January-March 1967	October-December 1966	January-March 1966	1957-59 average		Percentage change Jan.-Mar. 1967 from Oct.-Dec. 1966	January-March 1967	October-December 1966	January-March 1966	1957-59 average
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket .....		669.83	3/677.88	637.27	594.78	-1	5	38	39	42	39
Meat products .....		154.34	3/159.46	144.75	130.58	-3	7	51	51	57	54
Average quantities purchased per urban wage-earner and clerical-worker	Average quantities purchased per urban wage-earner and clerical-worker	104.54	3/104.05	97.54	95.48	4/	7	47	48	3/47	45
Dairy products .....		37.00	3/40.07	37.39	36.74	-8	-1	57	57	60	61
Poultry and eggs .....		134.76	3/134.58	128.94	117.85	4/	5	21	21	21	21
Bakery and cereal products 2/		---	---	---	---	---	---	16	17	16	16
All ingredients .....		---	---	---	---	---	---	---	---	---	---
Grain .....		---	---	---	---	---	---	---	---	---	---
All fruits and vegetables .....		171.43	3/172.02	164.27	152.91	4/	4	24	25	27	25
Fresh fruits and vegetables .....		75.77	76.42	71.41	62.45	-1	6	31	31	34	31
Fresh fruits .....		30.06	31.63	27.04	24.00	-5	11	27	29	32	34
Fresh vegetables .....		45.71	44.79	44.37	38.45	2	3	33	32	3/36	30
Processed fruits and vegetables .....		95.66	3/95.60	92.86	90.46	4/	3	19	3/20	21	19
Fats and oils .....		28.55	3/28.61	26.08	26.37	4/	9	28	29	31	30
Miscellaneous products .....		39.21	39.09	38.30	34.85	4/	2	18	18	19	18
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef, Choice grade .....	Pound	35.4	3/36.8	33.3	29.8	-4	6	58	56	61	62
Lamb, Choice grade .....	Pound	41.9	40.7	34.6	29.8	3	21	50	53	60	57
Pork .....	Pound	33.7	3/34.7	31.8	29.5	-3	6	50	3/51	59	51
Butter .....	Pound	23.9	3/25.2	20.7	20.6	-5	15	72	71	73	72
Cheese, American process .....	1/2 pound	25.5	25.3	22.0	18.1	1	16	43	44	44	44
Ice cream .....	1/4 gallon	57.3	57.2	54.2	60.8	4/	6	31	31	3/31	28
Milk, evaporated .....	1 1/2 ounce can	9.0	3/8.8	8.1	8.3	2	11	47	3/48	47	43
Milk, fresh											
Home delivered .....	1/2 gallon	32.1	31.8	30.8	28.9	1	4	44	45	43	43
Sold in stores .....	1/2 gallon	26.2	26.2	25.2	24.7	0	4	49	50	48	47
Chickens, frying, ready-to-cook .....	Pound	18.2	20.9	19.0	19.1	-13	-4	52	46	55	56
Eggs, Grade A large .....	Dozen	20.6	21.0	20.5	20.1	-2	4/	62	67	66	64
Bread, white											
All ingredients .....	Pound	19.1	19.2	18.0	15.5	-1	6	16	16	16	16
Wheat .....	Pound	---	---	---	---	---	---	13	13	13	13
Bread, whole or cracked wheat .....	Pound	26.1	26.2	24.6	---	4/	6	12	12	12	---
Cookies, sandwich .....	Pound	47.5	47.7	46.1	47.5	3	9	9	9	9	---
Corn flakes .....	12 ounces	28.4	27.7	26.4	22.1	3	8	9	9	9	10
Flour, white .....	5 pounds	37.9	38.2	36.5	34.5	-1	4	38	38	37	35
Apples .....	Pound	12.4	11.5	10.3	11.4	8	20	33	33	39	29
Grapefruit .....	Each	10.1	12.8	10.2	8.0	-21	-1	16	15	21	25
Lemons .....	Pound	18.3	18.2	17.9	14.2	1	2	26	27	24	23
Oranges .....	Dozen	58.8	67.4	56.7	42.8	-13	4	18	23	21	35
Cabbage .....	Pound	8.4	7.8	8.5	6.3	8	-1	32	36	32	28
Carrots .....	Pound	10.8	10.3	11.0	10.8	5	-2	28	32	33	26
Celery .....	Pound	10.8	10.7	11.4	10.9	1	-5	27	30	35	29
Cucumbers .....	Pound	16.0	12.6	18.9	---	27	-15	44	37	37	---
Lettuce .....	Head	16.3	18.5	17.3	16.6	-12	-6	29	31	34	27
Onions .....	Pound	8.0	8.3	7.7	6.7	-4	4	45	37	25	34
Peppers, green .....	Pound	24.4	21.7	25.6	---	12	-5	36	34	38	31
Potatoes .....	10 pounds	52.1	51.9	45.2	40.5	4/	15	31	29	3/34	31
Spinach .....	10 ounces	21.4	23.1	21.9	---	-7	-2	28	21	25	---
Tomatoes .....	Pound	25.1	21.1	23.0	19.5	19	9	31	38	36	35
Peaches, canned .....	No. 2 1/2 can	26.4	26.9	28.7	28.2	-2	-8	17	17	16	18
Pears, canned .....	No. 2 1/2 can	36.5	38.0	39.3	---	-4	-7	16	16	24	---
Beets, canned .....	No. 303 can	16.5	16.2	15.9	---	2	4	7	7	6	---
Corn, canned .....	No. 303 can	20.0	19.8	18.7	15.4	1	7	12	12	13	13
Peas, canned .....	No. 303 can	21.4	21.0	20.7	17.9	2	3	15	15	14	15
Tomatoes, canned .....	No. 303 can	15.6	14.9	13.7	13.3	5	14	17	18	20	15
Orange juice, concentrate, frozen .....	6-ounce can	14.2	14.6	11.6	15.2	-3	22	31	37	4	35
French fried potatoes, frozen .....	9 ounces	13.3	13.3	13.5	---	0	-1	15	15	15	---
Peas, frozen .....	10 ounces	17.1	17.0	16.4	16.7	1	4	17	17	18	16
Beans, navy .....	Pound	12.2	13.1	11.2	9.4	-7	9	34	32	44	42
Margarine .....	Pound	21.1	21.1	19.4	19.6	0	9	28	28	31	28
Peanut butter .....	12-ounce jar	29.5	30.0	29.4	27.3	-2	4/	34	33	35	34
Salad and cooking oil .....	Pint	31.5	3/30.9	26.7	---	2	18	23	3/24	26	---
Vegetable shortening .....	3 pounds	61.2	3/62.4	57.4	62.2	-2	7	32	3/33	3/35	31
Sugar .....	5 pounds	39.2	39.1	37.9	34.3	4/	3	36	36	36	37
Spaghetti with sauce, canned .....	1 1/2 ounce can	14.0	14.0	13.5	---	0	4	13	13	13	---

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ The farm-retail spread is the difference between the retail cost and the net farm value shown in table on opposite page.

3/ Most farm-retail spread figures for January-March 1966 have been revised; figures in other columns revised as indicated.

4/ Less than 0.5 percent.

5/ For the bakery products group and the individual wheat products, the farmer's share is based on the market price of wheat received by farmers plus the cost of the marketing certificate to millers. This cost equals the value of the domestic marketing certificate received by farmers complying fully with the Wheat Program.

Table 16.--Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, January-March 1967

Product 1/	Farm equivalent	Retail unit	Retail	Cross	Byproduct	Net	Farm-	Farm-
			cost	farm	allowance	farm	retail	share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket .....			1,084.04	---	---	414.21	669.83	38
Meat products .....			314.88	---	---	160.54	154.34	51
Dairy products .....			197.33	---	---	92.79	104.54	47
Poultry and eggs .....		Average	95.87	---	---	48.87	37.00	57
Bakery and cereal products 3/	Farm produce equivalent	purchased per urban wage-earner and clerical-worker household in 1960-61	171.16	---	---	36.40	134.76	21
All ingredients .....		per urban wage-earner	---	34.10	5.96	28.14	---	16
Crain .....		and	226.82	---	---	55.39	171.43	24
All fruits and vegetables .....		wage-earner and clerical-worker	109.23	---	---	33.46	75.77	31
Fresh fruits .....		worker	41.45	---	---	11.39	30.06	27
Fresh vegetables .....		household	67.78	---	---	22.07	45.71	33
Processed fruits and vegetables .....		in 1960-61	117.59	---	---	21.93	95.66	19
Fats and oils .....			39.90	---	---	11.35	28.55	28
Miscellaneous products .....			48.08	---	---	8.87	39.21	18
			Cents	Cents	Cents	Cents	Cents	Percent
Beef, Choice grade .....	2.25 lb. Choice grade cattle	Pound	83.4	53.3	5.3	48.0	35.4	58
Lamb, Choice grade .....	2.35 lb. lamb	Pound	84.5	48.9	6.3	42.6	41.9	50
Pork .....	2.00 lb. hogs	Pound	67.0	38.3	5.0	33.3	33.7	50
Butter .....	Cream and whole milk	Pound	84.6	---	---	60.7	23.9	72
Cheese, American process .....	Milk for American cheese	Pound	144.4	---	---	18.9	25.5	43
Ice cream .....	Cream, milk, and sugar	1/2 gallon	83.1	---	---	25.8	57.3	31
Milk, evaporated .....	Milk for evaporating	1 1/2-ounce can	17.0	---	---	8.0	9.0	47
Milk, fresh								
Home delivered .....	4.39 lb. Class I milk	1/2 gallon	57.3	---	---	25.2	32.1	44
Sold in stores .....	4.39 lb. Class I milk	1/2 gallon	51.4	---	---	25.2	26.2	49
Chickens, frying, ready-to-cook .....	1.37 lb. broiler	Pound	38.1	---	---	19.9	18.2	52
Eggs, Grade A large .....	1.03 dozen	Dozen	54.8	---	---	34.2	20.6	62
Bread, white								
All ingredients .....	Wheat and other ingredients	Pound	22.7	---	---	3.6	19.1	16
Wheat .....	.877 lb. wheat	Pound	---	3.4	.5	2.9	---	13
Bread, whole or cracked wheat .....	.708 lb. wheat	Pound	29.5	---	---	3.4	26.1	12
Cookies, sandwich .....	.528 lb. wheat	Pound	52.0	---	---	4.5	47.5	9
Corn flakes .....	2.87 lb. yellow corn	12 ounces	31.3	4/6.7	4/3.8	4/2.9	28.4	9
Flour, white .....	6.8 lb. wheat	5 pounds	60.9	26.2	3.2	23.0	37.9	38
Apples .....	1.04 lb. apples	Pound	18.6	---	---	6.2	12.4	33
C grapefruit .....	1.03 grapefruit	Each	12.0	---	---	1.9	10.1	16
Lemons .....	1.04 lb. lemons	Pound	24.7	---	---	6.4	18.3	26
Oranges .....	1.03 doz. oranges	Dozen	71.8	---	---	13.0	58.8	18
Cabbage .....	1.08 lb. cabbage	Pound	12.3	---	---	3.9	8.4	32
Carrots .....	1.03 lb. carrots	Pound	15.0	---	---	4.2	10.8	28
Celery .....	1.08 lb. celery	Pound	14.8	---	---	4.0	10.8	27
Cucumbers .....	1.09 lb. cucumbers	Pound	28.6	---	---	12.6	16.0	44
Lettuce .....	1.88 lb. lettuce	Head	23.1	---	---	6.8	16.3	29
Onions .....	1.06 lb. onions	Pound	11.5	---	---	6.5	8.0	45
Peppers, green .....	1.09 lb. peppers	Pound	36.0	---	---	13.6	24.4	36
Potatoes .....	10.42 lb. potatoes	10 pounds	75.8	---	---	23.7	52.1	31
Spinach .....	.71 lb. spinach	10 ounces	29.7	---	---	8.3	21.4	28
Tomatoes .....	1.18 lb. tomatoes	Pound	36.6	---	---	11.5	25.1	31
Peaches, canned .....	1.60 lb. Calif. cling peaches	No. 2 1/2 can	31.8	---	---	5.4	26.4	17
Pears, canned .....	1.85 lb. pears for canning	No. 2 1/2 can	43.7	---	---	7.2	36.5	16
Beets, canned .....	1.24 lb. beets for canning	No. 303 can	17.7	---	---	1.2	16.5	7
Corn, canned .....	2.495 lb. sweet corn	No. 303 can	22.7	---	---	2.7	20.0	12
Peas, canned .....	.69 lb. peas for canning	No. 303 can	25.1	---	---	3.7	21.4	15
Tomatoes, canned .....	1.84 lb. tomatoes for canning	No. 303 can	18.9	---	---	3.3	15.6	17
Orange juice, concentrate, frozen .....	3.39 lb. oranges	6-ounce can	20.6	---	---	6.4	14.2	31
French fried potatoes, frozen .....	1.38 lb. potatoes	9 ounces	15.7	---	---	2.4	13.3	15
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	20.6	---	---	3.5	17.1	17
Beans, navy .....	1.00 lb. Mich. dry beans	Pound	18.4	---	---	6.2	12.2	34
Margarine .....	Soybeans, cottonseed, and milk	Pound	29.3	---	---	8.2	21.1	28
Peanut butter .....	1.33 lb. peanuts	12-ounce Jar	44.8	---	---	15.3	29.5	34
Salad and cooking oil .....	Soybeans, cottonseed, and corn	Pint	40.7	---	---	9.2	31.5	23
Vegetable shortening .....	Soybeans and cottonseed	3 pounds	90.6	---	---	29.4	61.2	32
Sugar .....	Sugar beets and cane	5 pounds	61.2	23.4	1.4	5/22.0	5/39.2	36
Spaghetti with sauce, canned .....	Wheat, tomatoes, cheese, sugar	1 1/2-ounce can	16.1	---	---	2.1	14.0	13

1/ Product groups include more items than those listed in this table. For example, in addition to the products listed--Choice beef, lamb, and pork (major products except lard)--the meat products group includes lower grades of beef, the minor edible pork products, and veal.

2/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

3/ For the bakery products group and the individual wheat products, gross farm value, byproduct allowance, net farm value, and farmer's share are based on the market price of wheat received by farmers plus the cost of the marketing certificate to millers. This cost equals the value of the domestic marketing certificate received by farmers complying fully with the Wheat Program.

4/ Based on market price of corn received by farmers; no allowance made for price support payment received by farmers who comply with the Federal Feed Grain Program.

5/ Net farm value adjusted for Government payments to producers was 25.7 cents, farm-retail spread adjusted for Government processor tax was 36.5 cents, farmer's share of retail cost based on adjusted farm value was 42 percent.

Table 17.--The farm food market basket: Revised quarterly data for 1965

Item and period	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
	Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket:						
January-March .....	1,014.78	---	---	381.55	633.23	---
April-June .....	---	---	---	409.36	628.93	---
July-September .....	---	---	---	418.38	641.90	---
Meat products:						
January-March .....	282.45	---	---	139.76	142.69	49
Dairy products:						
January-March .....	179.44	---	---	79.68	99.76	44
April-June .....	---	---	---	77.21	100.61	---
July-September .....	---	---	---	79.69	99.01	45
Poultry and eggs:						
January-March .....	---	---	---	45.77	36.03	---
Bakery and cereal products:						
(all ingredients)						
January-March .....	---	---	---	33.16	127.85	---
April-June .....	---	---	---	32.50	128.33	---
July-September .....	160.52	---	---	---	127.43	---
Bakery and cereal products:						
(grain)						
January-March .....	---	31.14	5.40	25.74	---	---
April-June .....	---	30.60	5.33	25.27	---	---
October-December .....	---	31.44	5.20	26.24	---	---
All fruits and vegetables:						
January-March .....	---	---	---	62.13	164.67	27
April-June .....	---	---	---	71.81	169.23	---
July-September .....	---	---	---	63.07	168.39	---
Fresh fruits and vegetables:						
January-March .....	---	---	---	37.38	71.87	---
April-June .....	---	---	---	45.36	79.33	---
Fresh fruits:						
January-March .....	---	---	---	12.63	26.84	32
April-June .....	---	---	---	13.12	30.36	30
July-September .....	45.80	---	---	---	32.19	---
Fresh vegetables:						
April-June .....	81.20	---	---	---	48.96	---
Processed fruits and vegetables:						
January-March .....	---	---	---	24.74	92.81	21
April-June .....	---	---	---	26.45	89.90	---
July-September .....	---	---	---	27.19	89.10	---
Fats and oils:						
January-March .....	---	---	---	12.72	24.36	---
April-June .....	---	---	---	11.79	25.94	---
July-September .....	---	---	---	10.65	26.98	---
	Cents	Cents	Cents	Cents	Cents	Percent
Beef, Choice grade:						
January-March .....	---	47.5	4.2	43.3	35.3	---
April-June .....	---	4.7	---	---	---	---
October-December .....	82.9	52.1	5.2	46.9	30.0	---
Lamb, Choice grade:						
January-March .....	---	50.4	---	42.3	33.3	---
April-June .....	---	55.1	---	46.9	32.3	---
October-December .....	80.4	54.2	---	45.7	34.7	57
Pork:						
January-March .....	---	32.9	---	28.4	28.4	---
April-June .....	---	38.8	5.1	---	---	---
July-September .....	---	46.6	5.8	---	---	---
October-December .....	---	50.1	---	43.7	27.0	---
Butter:						
January-March .....	---	---	---	53.6	21.5	---
April-June .....	---	---	---	53.7	21.2	---
Ice cream:						
January-March .....	---	---	---	21.9	57.6	28
April-June .....	---	---	---	21.8	57.5	27
Chickens, frying, ready to cook:						
January-March .....	---	---	---	20.7	17.6	---
Corn flakes:						
January-March .....	---	6.3	3.6	2.7	26.3	---
April-June .....	---	6.6	---	2.8	26.1	10
October-December .....	---	5.8	3.4	2.4	26.4	---
Grapefruit:						
January-March .....	---	---	---	2.5	10.0	20
April-June .....	---	---	---	3.1	10.8	---
Lemons:						
January-March .....	---	---	---	7.3	17.3	30
April-June .....	---	---	---	6.2	18.0	26
Oranges:						
January-March .....	---	---	---	22.0	53.4	29
April-June .....	---	---	---	19.5	55.0	26
Peaches, canned:						
January-March .....	---	---	---	5.0	26.8	16
July-September .....	---	---	---	5.2	26.9	16
Orange juice, conc., frozen:						
January-March .....	---	---	---	8.9	18.5	32
Salad and cooking oil:						
January-March .....	---	---	---	10.0	23.8	---
Sugar: 1/						
January-March .....	---	22.4	1.3	---	---	---
April-June .....	---	22.4	1.3	---	---	---
July-September .....	---	22.4	1.3	---	---	---
October-December .....	---	22.7	1.3	---	---	---

1/ Revised net farm value adjusted for Government payments to producers: Jan.-Mar. 24.9; Apr.-June 24.8; July-Sept. 24.8; Oct.-Dec. 25.2; farm-retail spread adjusted for Government processor tax: Jan.-Mar. 35.1; Apr.-June 35.3; July-Sept. 35.1; Oct.-Dec. 35.0; farmer's share of retail cost based on adjusted farm value: Jan.-Mar. 42 percent; Apr.-June 42 percent; July-Sept. 42 percent; Oct.-Dec. 43 percent.

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